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**Basel Convention on the Control of
Transboundary Movements of Hazardous
Wastes and Their Disposal**

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**Rotterdam Convention on the Prior
Informed Consent Procedure for Certain
Hazardous Chemicals and Pesticides in
International Trade**



**Stockholm Convention on Persistent
Organic Pollutants**

**Conference of the Parties to the
Basel Convention on the Control
of Transboundary Movements
of Hazardous Wastes and
Their Disposal
Twelfth meeting
Geneva, 4–15 May 2015
Item 5 of the provisional agenda*
Programme of work and budget**

**Conference of the Parties to the
Rotterdam Convention on the
Prior Informed Consent Procedure
for Certain Hazardous Chemicals
and Pesticides in International
Trade
Seventh meeting
Geneva, 4–15 May 2015
Item 6 of the provisional agenda**
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**Conference of the Parties to the
Stockholm Convention on
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**Options for incentives and measures related to arrears in core
budget contributions**

Note by the Secretariat

1. Expressing concern at the continuing trend towards late payment of contributions to the operational budgets, the conferences of the parties to the Basel, Rotterdam and Stockholm conventions requested, as per decisions BC-11/26, RC-6/16 and SC-6/30 on financing and budgets for the biennium 2014–2015, the Secretariat to present options for incentives and measures, including information on those applied under other multilateral environmental agreements to deal with such challenges.

2. In response to this request, and as referred to in the note by the Secretariat on the programmes of work and proposed budgets for the biennium 2016–2017: combined proposal including joint activities (UNEP/CHW.12/22-UNEP/FAO/RC/COP.7/16-UNEP/POPS/COP.7/32), the Secretariat has compiled information on the below areas:

(a) The practice under other multilateral environmental agreements and within the United Nations system;

(b) The measures taken so far by the Secretariat to encourage parties to make their contributions to the operational budgets in a timely manner;

* UNEP/CHW.12/1.

** UNEP/FAO/RC/COP.7/1.

*** UNEP/POPS/COP.7/1.

- (c) Options which might be considered as incentives and measures.

I. Practices under other multilateral environmental agreements

3. The Secretariat considered the experience of several multilateral environmental agreements administered within the United Nations system and the findings are summarized in annex I to the present note.
4. The most commonly provided incentives and measures under the multilateral environmental agreements considered, including the Basel, Rotterdam and Stockholm conventions, are the loss of the party's entitlement to vote at any meetings of the Conference of the Parties and the loss of eligibility for the party to become a member of the Bureau of the Conference of the Parties or its subsidiary bodies.
5. The former incentive and measure is derived from Article 19 of the Charter of the United Nations, which stipulates that: "A Member of the United Nations which is in arrears in the payment of its financial contributions to the Organization shall have no vote in the General Assembly if the amount of its arrears equals or exceeds the amount of the contributions due from it for the preceding two full years. The General Assembly may, nevertheless, permit such a Member to vote if it is satisfied that the failure to pay is due to conditions beyond the control of the Member."
6. In the case of the Basel, Rotterdam and Stockholm conventions, the Conferences of the Parties have so far preferred to use persuasion and appeals, rather than applying incentives and measures.
7. Other agreements, which do not have an institutional linkage with the United Nations, have introduced more severe incentives and measures. For example, the statutes and regulations of the International Union for the Conservation of Nature and Natural Resources (IUCN)¹ stipulate that "the rights of a member in connection with elections, voting and motions shall be suspended when the dues of that member are one year in arrears".
8. While another multilateral environmental agreement, namely the International Convention for the Regulation of Whaling, through the International Whaling Commission reported a system of progressive sanctions such as increased interest charges on outstanding balances.² In this system, a penalty charge of 10 percent shall be added to the outstanding annual payment on the day following the due date.
9. More information on the types of incentives and measures, the time period to trigger them, whether some parties are exempted from them, and the action required by the Secretariat of the considered multilateral environmental agreements can be found in annex I.

II. Approach within the United Nations system

10. It might also be useful to consider the approach taken by organizations in the United Nations system. This information is provided in annex II.
11. For instance, the use of interest charge is not common and from the fourteen United Nations agencies considered, only two provide for this policy, namely the International Telecommunications Union (ITU) and the Universal Postal Union (UPU)³, while the majority of the organizations provide for the loss of voting rights as an incentive and measure.

III. Incentives and measures already taken by the Basel, Rotterdam, and Stockholm conventions

12. As per the respective financial rules for the Basel, Rotterdam and Stockholm conventions, rule 5, paragraph 3 (c) and (d), the Secretariat maintains records of arrears in contributions to the operational budgets for each of the conventions and regularly posts on the convention-specific websites information on contributions actually received.
13. The Secretariat has continued its efforts to encourage parties to make their contributions in a timely manner and some of those initiatives include:

¹ Report prepared by IUCN Environmental Law Centre, March 1997.

² From the Financial Regulations of IWC, paragraph (F) on Arrears of contributions.

³ Annex 1 of United Nations Report (A/59/11) of the Committee on Contributions 64th Session.

- (a) Ensuring that invoices of indicative contributions are dispatched by 30 September of the year preceding that in which the contributions are due;
 - (b) Sending electronic copies of invoices to country focal points and to their permanent missions in Geneva who are encouraged to liaise with the government entity responsible for settling the invoice;
 - (c) Reviewing the mailing address database used in the invoices to ensure that it is up-to-date;
 - (d) Issuing reports on status of contributions which list parties that have and have not paid their contributions that are distributed at meetings of subsidiary bodies and of conferences of the parties, thus prompting delegates to take remedial action;
 - (e) Sending out letters from the Executive Secretary, and contacting permanent missions mainly in Geneva, to parties whose contributions are in arrears urging them to make a payment or agree on a schedule of payment;
 - (f) Exploring different outreach options to communicate a positive message focusing on the benefits to parties of paying their contributions to the operational budget and the type of impact such payments will have at both the global and national levels.
14. The above-mentioned incentives and measures have produced positive results but have not proved sufficient enough to encourage parties to pay their contributions in full and in timely manner.

IV. Additional options of incentives and measures that might be considered

15. In order to encourage parties to pay their contributions to the operational budgets as early as possible after the date when the payment is due, a “prompt payment discount method” could be considered. Parties that pay in full by a defined date, i.e. within three months and have no outstanding payment plans would receive a discount corresponding to the interest earned between that date and end of June. The discount would be based on effective interest earned during the period and would be deducted from the following year’s contribution.
16. A “composite approach” takes into account the above method of attracting a rebate for early payment but also introduces a penalty for payments received after a certain date, for example nine months after the date when the contribution is due, this implies that payments received between three months and nine months would receive neither incentive nor penalty.
17. Other additional measures for consideration may include the following:
- (a) The conferences of the parties may decide that parties with arrears of one year or more would be declared ineligible:
 - (i) To host a meeting of the conferences of the parties or its subsidiary bodies;
 - (ii) For financial support to attend intersessional workshops and other informal meetings;
 - (iii) For invitation to intersessional workshops and other informal meetings;
 - (iv) To participate in meetings of the COPs or its subsidiary bodies.
 - (b) Withdrawing financial support from those parties which are not least developed countries or small island developing countries, which normally would be eligible for financial support to participate in the meetings of the conferences of the parties and its subsidiary bodies, and which have been in arrears for more than one year;
 - (c) Limit the number of participants who could be invited to attend meetings, to only one, from parties whose contributions are in arrears;
 - (d) Organize regionally-based sessions at the meetings of the conferences of the parties awarding the parties who paid their arrears fully or partially the last two years with official recognition.
18. With the introduction of International Public Sector Accounting Standards (IPSAS), as of 1 January 2014, the issue of late and non-payment and write-off policy for contributions to the operational budgets has been raised by the United Nations Environment Programme. Under IPSAS,

long-standing arrears will be counted as doubtful debts, and provisions will be made in the accounts to cover the amounts from the reserve, and thereby reducing the amount available for use by parties.

19. As per the first IPSAS-compliant financial statement, for the fiscal year 1 January 2014 to 31 December 2014, the opening provision against old outstanding contributions as at 1 January 2014 are as follows which needs to be taken into consideration:

- (a) Basel Convention (BCL trust fund): US\$ 155,619;
- (b) Rotterdam Convention (ROL trust fund): US\$ 154,512;
- (c) Stockholm Convention (SCL trust fund): US\$ 268,953.

20. Finally, it should be noted that, under the Basel Convention, measures are included in both the Convention's financial rules and financing and budget decisions,⁴ while under the Rotterdam and Stockholm conventions, these are included in their financing and budget decisions only.⁵ Further harmonization of the financial rules of the respective conventions might thus be considered.

21. The present note, including its annexes, has not been formally edited.

⁴ BC-10/28 and BC-11/26, respectively.

⁵ RC-6/16 and SC-6/30, respectively.

Annex I

Information on practices of other multilateral environmental agreements related to the payment of assessed contributions

Multilateral environmental agreements	Basel, Rotterdam and Stockholm conventions (BRS)	Convention on Biological Diversity (CBD)	Convention on Migratory Species (CMS)	Montreal Protocol/ Vienna Convention	MFS (Multilateral Fund)	Convention for the Protection of Marine Environment and Coastal Region of the Mediterranean (MAP)	Convention on International Trade on Endangered Species (CITES)	United Nations Framework Convention on Climate Change (UNFCCC/Kyoto Protocol)	Cartagena Protocol
Type of measures	With regard to contributions due from 1 January 2001: (a) Any party whose contributions are in arrears for two or more years shall not be eligible to become a member of any Bureau of the Conference of the Parties or its subsidiary bodies. (b) Any party whose contributions are in arrears for four or more years shall not be entitled to vote at any meeting of the Conference of Parties unless the conference decides otherwise.	Will not be eligible to become a member of the Bureau of the Conference of the Parties.	To set the threshold of eligibility for funding delegates to attend the Convention's meetings at 0.200 per cent on the United Nations scale of assessment.	N/A	N/A	(a) Loss of voting rights at any meeting of contracting parties pursuant to Rule 42 of the Rules of Procedure of the Barcelona Convention. (b) any party whose contributions are in arrears for two or more years shall not be eligible to become a member of the Bureau or any other subsidiary bodies.	N/A	(a) Parties whose contributions are in arrears of one full year or more would not be eligible (i) For membership of the bureau of the COP and its subsidiary bodies, (ii) To participate in debates at sessions of the COP and its subsidiary bodies, (iii) For invitation to inter-sessional workshops and other meetings. (b) Parties which would normally be eligible for funding will not receive funding to attend any sessions. (c) Parties will be allowed to attend meetings of the COP or its subsidiary bodies with a maximum of two delegates until	Decides that with regard to contributions due from 1 January 2005 onwards, parties whose contributions are in arrears for two (2) or more years will not be eligible to become a member of the bureau of the Conference of the Parties serving as the meeting of the parties to the Protocol.

Multilateral environmental agreements	Basel, Rotterdam and Stockholm conventions (BRS)	Convention on Biological Diversity (CBD)	Convention on Migratory Species (CMS)	Montreal Protocol/ Vienna Convention	MFS (Multilateral Fund)	Convention for the Protection of Marine Environment and Coastal Region of the Mediterranean (MAP)	Convention on International Trade on Endangered Species (CITES)	United Nations Framework Convention on Climate Change (UNFCCC/Kyoto Protocol)	Cartagena Protocol
								their arrears have been cleared.	
Applies to	Parties that are not least developed countries or small island developing States or Parties who have agreed and respecting the payment schedule.	Parties that are not least developed countries or small island developing States.	As a general rule to exclude from such eligibility countries from the European Union, European countries with strong economies as listed in Annex IV to the present Resolution and/or countries that have payments in arrears of more than three years.			To all parties except those who have agreed a payment schedule.		Parties that are not least developed countries or small island developing States.	Parties that are not least developed countries or small island developing States.
Time period to trigger penalty	2 or more years	2 or more years	3 or more years	N/A	N/A	2 or more years	N/A	1 or more years	2 or more years

Multilateral environmental agreements	Basel, Rotterdam and Stockholm conventions (BRS)	Convention on Biological Diversity (CBD)	Convention on Migratory Species (CMS)	Montreal Protocol/ Vienna Convention	MFS (Multilateral Fund)	Convention for the Protection of Marine Environment and Coastal Region of the Mediterranean (MAP)	Convention on International Trade on Endangered Species (CITES)	United Nations Framework Convention on Climate Change (UNFCCC/Kyoto Protocol)	Cartagena Protocol
Action by Secretariat	The Executive Secretary shall agree with any party whose contributions are in arrears for two or more years on a payment schedule to permit such a party to clear its arrears within six years. The Executive Secretary shall report to next Bureau and Conference of the Parties on the progress made under such schedule.	Enter into arrangements with any party whose contributions are in arrears to mutually agree on a "schedule of payments" for such a party, to clear all outstanding arrears, within six years depending on the financial circumstances of the party in arrears and pay future contributions by the due date, and report on the implementation of any such arrangement to the next meeting of the Bureau and to the Conference of the Parties.					The Secretary-General shall submit proposals with a facilitative approach for dealing with non-payment of contributions by parties for consideration and review by the Conference of the Parties at its 15th meeting		Enter into arrangements with any party whose contributions are in arrears for two or more years to mutually agree on a 'schedule of payments' for such a party, to clear all outstanding arrears, within six years depending on the financial circumstances of the party in arrears and pay future contributions by the due date, and report on the implementation of any such arrangement to the next meeting of the Bureau and to the Conference of the Parties serving as the meeting of the parties to the Cartagena Protocol on Biosafety.

Multilateral environmental agreements	Basel, Rotterdam and Stockholm conventions (BRS)	Convention on Biological Diversity (CBD)	Convention on Migratory Species (CMS)	Montreal Protocol/ Vienna Convention	MFS (Multilateral Fund)	Convention for the Protection of Marine Environment and Coastal Region of the Mediterranean (MAP)	Convention on International Trade on Endangered Species (CITES)	United Nations Framework Convention on Climate Change (UNFCCC/Kyoto Protocol)	Cartagena Protocol
Source of information	Rule 5 of the BC financial rules and Decisions BC-10/28 and BC-11/26; Decision RC-6/16; Decision SC-6/30.	COP11 decision XI/31 on Administration of the Convention and budget for the programme of work for the biennium 2013-2014.	COP10 Resolution 10.1 para.13.			COP18 decision IG.21/15 on Financial regulation and rules and procedures.	Resolution Conf. 14.1.	FCCC/SBI/2000/2 and FCCC/SBI/2000/CRP-6.	COP7 Decision BS-VI/7 on Budget.

Annex II

Information on measures used by organizations of the United Nations system to encourage the payment of assessed contributions

Organizations	UN	ILO	FAO	UNESCO	ICAO	WHO	UPU	ITU	WMO	IMO	WIPO	UNIDO	IAEA	WTO
Due dates	Due within 30 days of receipt of assessment or first day of calendar year, if later	Due 1 January	Due within 30 days of receipt of assessment or first day of calendar year to which it relates, whichever is later	Due within 30 days receipt of assessment or first day of calendar year, if later	Due within 30 days of receipt of assessment or first day of calendar year to which it relates, whichever is later	Due first day of financial year	Due first day of financial year	Due first day of financial year	Due within 30 days of receipt of assessment or first day of calendar year, if later	Due within 30 days receipt of assessment or first day of calendar year, if later	Due first day of financial year	Due within 30 days of receipt of assessment or by first day of calendar year, if later	Due within 30 days receipt of assessment or first day of calendar year, if later	Due on the first day of the financial year
Definition of arrears	One year in arrears as of 1 January following year	In arrears if not paid by 31 December	In arrears as of 1 January following year	In arrears if not paid due date	One year in arrears as of 1 January following year	In arrears if not paid by 1 January	In arrears if not paid by due date	In arrears if more than one year	One year in arrears as of 1 January following year	In arrears if more than one year from due date	In arrears if not paid by due date	One year in arrears as of 1 January following year	One year in arrears as of 1 January following year	One year in arrears as of 1 January of the following year
Time period to trigger measures	2 years	2 years	2 years	Current plus immediate preceding calendar year	Preceding 3 years	2 years	2 years	2 years for loss of voting rights; Interest from due date	2 years	One year	Preceding 2 full years not paid	Preceding 2 fiscal years	2 preceding years	1 to 3 full years, progressive

Organizations	UN	ILO	FAO	UNESCO	ICAO	WHO	UPU	ITU	WMO	IMO	WIPO	UNIDO	IAEA	WTO
Type of measures	Loss of voting rights	Loss of voting rights	Loss of voting rights, membership of Council	Loss of voting rights	Loss of voting rights and share of any surplus	Loss of voting rights	Loss of voting rights and eligibility to governing bodies + interest+ conversion of unpaid credits from other debt or owed to the Union restored as arrears of that member to UPU	Loss of voting rights+ interest at 3-6%	Loss of voting rights+ publications+ ineligibility election	Loss of voting rights+ ineligibility election	Loss of voting rights	Loss of voting rights	Loss of voting rights	Sanctions progressive: - documentation - representation - loss of training and technical assistance

ILO	International Labour Organisation	WMO	World Meteorological Organisation
FAO	Food and Agricultural Organisation	IMO	International Migration Organisation
UNESCO	United Nations Educational, Scientific and Cultural Organization	WIPO	World Intellectual Property Organisation
ICAO	International Civil Aviation Organisation	UNIDO	United Nations Industrial Development Organization
	World Health Organisation	IAEA	International Atomic Energy Agency
UPU	Universal Postal Union	WTO	World Trade Organisation
ITU	International Telecommunications Union		